Pearson LCCI

Wednesday 9 September 2020

Time: 3 hours

Paper Reference **ASE20104**

Certificate in Accounting (VRQ)

Level 3

Resource Booklet
Do not return this Booklet with the question paper.

Instructions

- All workings and answers **must** be given in the question paper.
- Please note that any workings and answers written in the Resource Booklet will **not** be marked.

Turn over

P 6 5 3 6 6 A

Pearson

Resource for Question 1.

Hull88 plc provided the following information.

At 1 June 2019	$
Share capital (ordinary shares of $1 each)	140 000
Share premium	70 000
General reserve	10 000
Retained earnings	54 270
Property, plant and equipment – cost – accumulated depreciation	 575 200 199 100

During the year ended 31 May 2020

- Equipment costing $18 500 was purchased. A deposit of $3 500 was paid with the balance repayable in 12 monthly instalments of $1 250 starting on 1 April 2020.
- The total depreciation charge for the year was $26 050
- A rights issue of one ordinary share for every five shares held was made at a premium of $0.40 per share. The issue was fully subscribed.
- Profit for the year ended 31 May 2020 was $53 500
- A dividend of $8 400 was paid.
- A transfer to the general reserve of $25 000 was made.

At 31 May 2020	
12% bank loan (2022)	47 000
Allowance for doubtful debts	1 690
Bank	9 630 Cr
Cash	500
Inventory	51 700
Other receivables	220
Tax payable	10 160
Trade payables	14 950
Trade receivables	33 530

Resource for Question 2 – Part (a).

Patrick and Rose are in partnership sharing profits and losses in the ratio 2:1. The partners do not maintain separate current accounts.

On 31 July 2020 the partnership agreement was changed.

- The partners agreed to share profits and losses equally.
- Non-current assets were revalued to $224 000
- Goodwill was valued at $15 000 and was to be maintained in the partnership books.

They provided the following information in addition to the extended trial balance at 31 July 2020 on **pages 4 and 5** of the question paper.

No entries had been made in the accounts for an $860 contra between the trade receivables ledger control account and the trade payables ledger control account.

Closing inventory, $32 200, included unsaleable damaged inventory of $600

Resource for Question 3 – Parts (a) and (b).

The directors of Asseem Ltd provided the following information.

	30 June	
	2019 **$**	**2020** **$**
Plant and equipment – cost	164 200	170 000
Bank loan (2028)	120 000	150 000
Share premium	90 000	14 000
Share capital (ordinary shares of $0.50 each)	190 000	**To be calculated**
Cash and cash equivalents	3 680	**To be calculated**

2020	Transaction
1 January	An interim dividend of $0.05 per ordinary share was paid on all shares in issue at that date.
1 March	Equipment costing $11 500 purchased on 1 January 2018 was sold at a profit of $650. There were no other disposals during the year but additional equipment was purchased.
1 May	A bonus issue of shares was made. The directors decided to leave the reserves in the most flexible form.
1 June	A final dividend of $0.10 per ordinary share was paid on all shares in issue at that date.

Plant and equipment is depreciated at 20% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of purchase and none in the year of disposal.

Resource for Question 4 – Part (b).

Mot442 Ltd wishes to purchase a new machine and has provided the following information.

Purchase price	$154 000
Residual value after 3 years	$25 000
Selling price	$14 per unit
Prime cost	$6 per unit
Annual maintenance contract	$16 000
Annual production and sales	12 500 units

There is no resource for Question 5.

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